intra-SAARC Currency conversion arrangement for tourism purposes. The matter was examined in consultation with the RBI and the Exchange Control Division, but no decision has been taken so far.

[1450 Cancelled]

Involvement of NBFCs in Financial Scams

1451. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that a number of non-banking financing institutions are involved in financial scams;

(b) if so, the details thereof with amount involved in each case;

(c) steps taken by Government (i) for recovery of the amounts of losses, (ii) for avoidance of recurrence of such incidents in future;

(d) whether Government have received Khanna Committee's Report;

(e) if so, the recommendations of the Committee; and

(f) action taken/proposed to be taken for implementation of the recommendations?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) and (b) According to Reserve Bank of India (RBI) the recent failure of CRB Capital Markets Ltd. (CRBCML) is the only example of a major fraud by a major Non-Banking Financial Company (NBFC). As per the information available with RBI the exposure of various institutions in CRBCML is around Rs.152 crores. Further, the Company had issued over 1,30,000 fixed Deposit Receipts amounting to Rs.186 crores. These are purely provisional figures.

(c) RBI had filed a writ petition in Delhi High Court for appointment of Liquidator. The Delhi High Court have appointed the Official Liquidator as Provisional Liquidator to take stock of the assets of the company with a view to arranging realisation of the assets and settling the claims of creditors in due course in accordance with the provisions of Company Law.

Keeping in view the twin needs of providing adequate protection to the depositors and maintaining the stability of the financial system, the Parliament, in January, 1997 enacted amendments to the RBI Act, 1934 for regulating NBFCs. These measures would facilitate continued liquidity and solvency of NBFCs and are expected to go a long way in enabling the NBFCs to meet the liabilities of depositors as and when they accrue.

(d) and (e) In order to design an effective supervisory framework, RBI had constituted an Expert Group under the Chairmanship of Shri P.R. Khanna Member of Advisory Council of the Board for Financial Supervision (BFS).

The Group has submitted its report and the important recommendations are as under:

Reliance mainly on off-site surveillance for supervision of unregistered NBFCs in view of their large numbers;

Development of a suitable off-site surveillance system for the above purpose;

Shifting all focus on on-site inspection from the present liability side examination to asset side examination;

Preparation of a supervisory watch list of companies to modulating on-site examination;

Very large companies (those with asset size of Rs.500 crore and above) to be supervised on banking supervisory model;

Company profile with various ratios to be developed for comparison with the Peer/industry groups; and

Finally statutory auditors should be obliged to reports to RBI any infringement of regulatory guidelines.

(f) In pursuance of the recommendations of this Committee a comprehensive inspection manual has been prepared by RBI dealing, inter-alia, with on-site inspection of large size (NBFCs) with emphasis on ascertaining quality of assets. RBI have also reiterated development of off-site surveillance mechanism to monitor financial health of NBFCs.

Modernisation of Printing Units in Security Presses

1452. PROF. RAM KAPSE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the process of modernization of printing units in Government Security Presses at Nasik and Dewas has not yet been completed and the production capacities of Government Security Presses at Mysore and Salboni are not fully utilised;

(b) if so, the reasons therefor;

(c) when appropriate action will be taken by Government to set right the printing presses at above places to the full advantage;

(d) whether Government are aware that there is a constant demand for issuance of currency notes of higher denominations of rupee one thousand/five thousand/ten thousand; and

(e) if so, the reaction of Government thereto?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (c) The expected date of completion of modernisation projects of Government Security Printing Presses at Nasik and Dewas are as under:

Name of Press	Expected date of completion of project
1. Currency Note Press, Nasik.	December, 1998
2. Bank Note Press, Dewas.	September, 1997

The note printing presses under construction at Mysore and Salboni are under the direct control of Reserve Bank of India. One line of printing machine has been commissioned each at the Mysore Press and Salboni Press with effect from 1-6-1996 and 11-12-1996 respectively. These machines are fuly utilised.

(d) and (e) While demands have been raised for issue of higher denomination bank notes of rupees one thousand/five thousand/ten thousand, Government has not taken a final decision in the matter.

Review of FERA

1453. SHRIMATI ANANDIBEN JETHABHAI PATEL:
SHRI ANATRAY DEVSHANKER DAVE:

Will the Minister of FINANCE be pleased to state:

(a) whether the FERA Act, 1973 is under review of the Government;

(b) whether it is a fact that a number of trade and commerce associations have represented to the Government for making changes in the existing Act which is a hindrance to the industry at present;

(c) if so, the details thereof; and

(d) the details of proposal accepted by the Government for incorporation in amending the Act?

THE MINISTER OF STATE OF THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) The Government propose to replace FERA